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# ALA American Library Association

April 1, 1998

The Honorable John McHugh  
Chairman  
House Subcommittee on Postal Service  
Committee on Government Reform and Oversight  
U.S. House of Representatives  
B349C Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman McHugh:

**Re: H.R. 22 and the library nonprofit rate**

The American Library Association appreciates the opportunity to present comments on your proposed revisions to H.R. 22, the Postal Reform Act of 1997. Particularly as library rate mailers face an average 27 percent increase in the current rate case, we recommend that legislative reform result in improvements to the current rate setting process.

The ALA is a nonprofit educational organization of 58,000 public, school, state, academic and specialized librarians, library supporters, library trustees, and friends of libraries dedicated to improvement of library and information services. **ALA is a member of the Alliance of Nonprofit Mailers, and supports the recommendations made by the Alliance in its March 30 letter to you.**

This letter will focus on the Alliance's recommendation that nonprofit postal rates be maintained as a fixed percentage of the corresponding regular rates. We strongly support this proposal, although we recognize that the library rate would need special attention and adjustment to participate in and benefit from this straightforward recommendation.

The proposed increases in the library rate (from \$1.96 to \$2.48 for a typical 3-lb. library rate package) come on top of a 69.9 percent increase in 1995--a marginal improvement over the 73.7 percent requested by the Postal Service in the last rate adjustment. If the current USPS request is approved, that same 3-lb. library rate package would have increased by 117.5 percent in a little more than three years!

We have found recent and current postal rate proceedings exceedingly burdensome and expensive, with no way to get at the data needed to effectively analyze USPS cost claims or to protest the absolutely bizarre anomaly that under current requested rates, the preferred nonprofit library rate would be higher than the regular commercial book (or "special standard mail") rate! Why should a preferred rate be higher than a regular rate based on attributable costs plus an additional markup for very similar package mail?

Clearly, the rate making process has gone awry for nonprofit mailers, and particularly for the small and rural libraries most dependent on the library rate for books-by-mail programs to homebound, institutionalized, and geographically isolated users as well as for the sharing of scarce and needed library resources among institutions for their users. How could your bill help? By making the adjustments the Alliance of Nonprofit Mailers has recommended, and by a special adjustment for the library rate.

Congressional action on the library rate is needed since the proposed increases for this rate create a de facto merger of the library rate and special standard mail. As the Postal Rate Commission Office of the Consumer Advocate pointed out in December 1997, "This would be improper because Library Rate, a preferred rate category established by an Act of Congress, essentially would be eliminated by administrative fiat." (OCA-T-700, Docket No. R97-1).

**H.R. 22 should require the Postal Service to maintain nonprofit rates as a fixed percentage of the corresponding regular rates. Thus in future rate cases, each nonprofit rate would rise or fall at the same rate as the most closely corresponding regular rate. This has several advantages.**

- It's simple and easy to understand.
- It's fair.
- It avoids the Postal Service having to cost out separately the attributable costs for nonprofit mail, with all the attendant disputes.
- It avoids singling out nonprofit organizations and other preferred rate mailers for costly litigation over attributable costs.
- It avoids the problem of disparate rate increases for individual rate categories.
- It provides a clear linkage between commercial and nonprofit rates; thus nonprofit mailers could work with and build on regular rate mailers' involvement in rate cases.

**Obviously, if the library rate were higher than the commercial book rate, this approach would leave library rate mailers out in the cold. However, with an initial adjustment, this straightforward approach would also work for the library rate. The library rate anomaly could be addressed in H.R. 22 by legislatively mandating that the library rate as of the date of enactment be set at an appropriate percentage below the commercial book (or "special standard") rate, with future changes in rate to occur, as with other nonprofit rates, as a fixed percentage of the corresponding regular rates.**

We would be pleased to work with you on this or other solutions you may see to the unusual history and the extraordinary recent and proposed increases in the library rate -- so totally out of line with other rates.

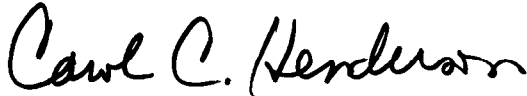
We appreciate the fact that the revised bill would maintain authorization for the revenue forgone appropriations. In particular, we strongly support free mail for the blind; among its uses is to provide specialized library materials for the visually disabled.

In summary, the American Library Association:

- Supports the March 30 recommendations of the Alliance of Nonprofit Mailers, and
- Especially urges favorable consideration of maintaining nonprofit rates as a fixed percentage of the corresponding regular rates,
- Assuming an initial adjustment for the library rate is made to an appropriate percentage below the commercial book rate.

These recommendations would simplify future rate cases and provide long-term fairness for nonprofit rates. Thank you for the work you have done, your concern for library services, and for the opportunity to provide comments.

Sincerely,



Carol C. Henderson  
Executive Director  
Washington Office  
American Library Association

cc: Rep. Chaka Fattah, Ranking Minority Member  
Members of the Subcommittee  
Alliance of Nonprofit Mailers